

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



2HD1761  
A2F3

I

# World Production and Trade

United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

Washington, D.C. 20250

Weekly  
Roundup

WR 49-85

Dec. 5, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

## GRAIN AND FEED

The recent sale of 60,000 metric tons of CANADIAN feed wheat to SOUTH KOREA and prospects for further sales could mean another year in which U.S. corn is partially displaced in Korean feed rations. Exports of U.S. corn to Korea were forecast to rebound in 1985/86, up nearly a million tons to 2.5 million because of smaller supplies of Australian feed wheat and Chinese corn. Last year, Korea purchased an unprecedented 1 million tons of Australian feed wheat, an indication of Korea's willingness to substitute feed wheat for corn. The recent sales may mean that Canadian and European Community feed wheats could find a ready market in Korea if they are price competitive with other feed grains.

\*\*\*\*\*

KENYA will change from a corn importer last year to an exporter in 1985/86 (October/September) with its current plans to export 200,000 tons of corn. The record 1985 corn crop is forecast by USDA at 2.6 million tons, nearly a million tons larger than the drought-impacted 1984 harvest. In 1984/85, Kenya imported half of its 500,000-ton requirements from the United States, making it the second largest U.S. corn market in Africa. The exportable surplus from this year's bumper crop will likely be shipped to neighboring African countries.

\*\*\*\*\*

In recent months, ARGENTINA has cut the wheat export tax from 28.0 to 16.5 percent, reportedly to stimulate farm output and wheat exports. Already marginal farm returns have been diminished by continued inflation, falling world wheat prices and a weakening dollar. The current commodity export taxes generate between \$1.1-1.2 billion per year, nearly a fifth of Argentina's federal tax revenues, an amount that many farmers feel is disproportionate and has added to farmer pressure to decrease current export taxes. Significantly lower export taxes may stimulate Argentine production and exports, but runaway inflation has historically outweighed any reaction to export tax declines.

-more-

LYNN K. GOLDSBROUGH, Editor, Tel. (202) 382-9442. Additional copies may be obtained from FAS Media and Public Affairs Branch, 5922-S, Washington, D.C. 20250. Tel. (202) 447-7937.



## OILSEEDS AND PRODUCTS

In the PHILIPPINES, the U.S. agricultural counselor reports that the National Food Authority purchased 26,000 tons of U.S. soybean meal on November 26. Given the current Philippine stock situation, more purchasing is expected within the next few weeks. U.S. sales opportunities appear bright as neither China nor Brazil are presently expected to be able to compete because of lack of supplies or logistical reasons.

\*\*\*\*\*

In an effort to protect domestic soybean producers and crushers, THAILAND has stiffened the import licensing requirement for soybean meal. In October 1984, Thailand issued regulations requiring importers to present proof of having purchased 1 ton of domestically produced soybean meal for every 2 tons of meal imported. Effective November 27, the importer must present proof of having purchased 3 tons of domestically produced meal for every 4 tons of imported meal. USDA forecasts Thailand's 1985/86 soybean meal imports at 225,000 tons. Thailand traditionally has not imported large quantities of soybean meal from the United States.

## DAIRY, LIVESTOCK AND POULTRY

The scheduled reports on WORLD poultry and egg production and WORLD livestock numbers and red meat production will not be published today because of changes in field reporting schedules. Significant developments relating to livestock numbers and product output will continue to be included in this release as available.

\*\*\*\*\*

NEW ZEALAND's 1985 beef and sheep meat production forecasts have been revised, according to the U.S. agricultural attache in Wellington. Beef output is estimated at 488,000 tons, up 13 percent from 1984, but slightly below the earlier forecast. Slaughter and average slaughter weight estimates were both reduced. Beef production in 1986 is expected to increase slightly to 492,000 tons.

Sheep meat production is forecast at 729,000 tons for 1985, up 9 percent from 1984 and 8 percent above the earlier forecast. Dry weather and low market prices caused heavier-than-expected herd culling. Output for 1986 is projected to fall 8 percent to 672,000 tons. The New Zealand government reportedly has expanded rendering of surplus sheep meat into tallow and meat meal.

\*\*\*\*\*

After four years of decline, milk production in MEXICO is expected to increase in 1986, according to the U.S. agricultural counselor in Mexico City. Better prices and more favorable terms on production loans have given milk producers incentive to expand their output. In addition, late summer and fall precipitation has been adequate for late 1985 and early 1986 forage production. One indicator of the new-found enthusiasm for milk production is the pattern of dairy cattle imports, which increased sharply during the first half of 1985.

-more-



## COTTON

In CHINA, the provincial governments of Xinjiang and Hunan provinces have agreed to purchase above-quota cotton production, according to the U.S. agricultural counselor in Beijing. According to this year's cotton policy, the government stated that it would not purchase any cotton produced above that specified in individual cotton contracts. Hunan is not one of the major cotton-producing provinces and Xinjiang produces high-quality cotton. The reason given for above-contract purchases was protection of farmers interests. There have not been reports of purchases of above-contract cotton in any other provinces.

\*\*\*\*\*

U.S. cotton exports continue to trail monthly levels established in recent years. October exports totaled 218,000 bales, 29 percent below October 1984 and the smallest October movement since 1977. First quarter 1985/86 exports totaled 625,700 bales, 41 percent below the first quarter of last season. South Korea and Japan are the leading foreign markets for U.S. cotton. The only destinations registering significant increases were Zaire, Ghana, Spain and the United Kingdom. During 1980-84, first quarter exports accounted for 16 percent of the average annual total.

## SEEDS

In an effort to force greater local production of seeds, the PHILIPPINE Minister of Agriculture and Food has imposed an import ban on seeds for planting. Varieties covered by the ban include lettuce, okra, tomatoes, peppers, cucumbers, watermelons, lima beans, soybeans and other vegetables. Importation of parent seeds for local development into hybrids will be allowed. U.S. exports to the Philippines of the seeds covered by the ban amount to less than \$1 million per year.

## TOBACCO

ALGERIA's Tobacco Monopoly, SNTA, has announced plans to upgrade its cigarette production capacity through the construction of five new cigarette manufacturing plants and the replacement of much of existing cigarette machinery. Two factors--the increased preference for "blond" or "American" type cigarettes over the previously more popular dark cigarette, and the reduced quality of the domestically produced cigarette--have forced these actions.

-more-



With the rising demand for blond cigarettes, SNTA introduced two new domestic premium blond-type cigarettes in 1984 and two U.S. brands, apparently produced under license this year. Although the preference for blond cigarettes continues to grow, the monopoly currently restricts their distribution to support use of the dark cigarette. As for implications for U.S. leaf trade in Algeria, currently 95 percent of Algeria's tobacco requirements are imported but are extremely low in quality. Exports from the United States, which were zero last year, have been minimal this year at 172 tons, valued at \$1.26 million. Indications are that the recent quality problems are due to financial constraints placed upon SNTA. The recent price reductions of U.S. tobacco might provide some market development opportunity.

\*\*\*\*\*

WORLD unmanufactured tobacco production in 1985 is forecast at 6.8 million tons, 8 percent above June's estimate and 4 percent above the 6.5 million tons produced in 1984. Tobacco production in China, the world's largest producer, is estimated at a record 2.3 million tons. In China, all tobacco is grown on a contractual basis. Although contracts supposedly specify the amounts the government will buy, the government is the sole purchaser of tobacco. Government attempts to control production by emphasizing quality rather than quantity and the 20-percent discount for all above-contract sales this season have not effectively curbed output. Tobacco production in the United States is estimated at 692,618 tons, slightly above June's estimate but down 12 percent from last year. Area is down 10 percent from last year as a result of lower production quotas, large carryover stocks and lower domestic use. However, the crop benefited from favorable growing and harvesting weather.

WORLD flue-cured tobacco in 1985 is estimated at 3.5 million tons, up 14 percent from the June estimate. China, the world's largest flue-cured producer, accounts for the largest increase with production estimated at a record 2.0 million tons. Flue-cured tobacco continues to represent approximately 85 percent of total output in China. Production in the United States, the world's second largest producer, is also up due to favorable growing conditions and current indications are that the crop could total 356,869 tons. Production increases are also expected in a number of producing countries, including Malawi, Bangladesh, Malaysia, Kenya, Zambia, Portugal, Syria, Chile, Costa Rica and Panama. A smaller crop is estimated in Zimbabwe due to disease problems. Reduced output is also anticipated in Taiwan, Yugoslavia, Bulgaria, Nigeria and the Federal Republic of Germany.

The 1985 WORLD burley crop is estimated at 713,274 tons, up 4 percent from June. Output in the United States, the world's largest producer, is estimated at 274,292 tons, 2 percent above the June estimate due to higher yields. The 1985 burley tobacco area in the United States is estimated at 107,446 hectares, 16 percent below the previous year's level. The crop in Malawi is now estimated at 33,600 tons, up 24 percent from the June estimate due to government efforts to maintain burley production at approximately 30,000 tons in an effort to stabilize prices. Burley prices collapsed in 1983 as the market was unable to absorb the size of the crop. Prices only partially recovered with the smaller 1984 crop.

-more-



Increased burley output is also forecast for China based upon new information for Hubei, China's major burley producing province. The 1985 crop is now estimated at 23,900 tons, up 54 percent from June. Production increases are also expected in Korea, Argentina, Chile, Syria, Panama, Bangladesh and Kenya. Smaller crops are expected in Yugoslavia, Bulgaria, the Federal Republic of Germany, Portugal, Zambia and Malaysia.

WORLD oriental tobacco production is estimated at 915,433 tons, down 4 percent from the June estimate. Prolonged drought conditions contributed to a smaller crop estimates for Bulgaria, Yugoslavia and Romania.

WORLD dark air/sun-cured tobacco production in 1985 is estimated at 1.2 million tons, up 6 percent from June. Larger crops are expected in China, the Federal Republic of Germany and Malawi.

World unmanufactured tobacco production for 1984 and 1985, by leaf type, is as follows in 1,000 tons:

Leaf Type	Revised 1984	Estimated 1985	
		June	Dec.
Flue-Cured	3,252	3,103	3,531
Burley	763	688	713
Oriental	952	957	915
Dark Air/Sun-Cured	1,113	1,108	1,180
Light Air-Cured	133	123	131
Dark Air-Cured, Cigar	218	212	226
Dark Fire-Cured	73	67	70
Total 1/	6,503	6,258	6,767

1/ Totals may not add due to rounding.

#### FRUIT

A reassessment by the U.S. agricultural counselor in Buenos Aires indicates that weather damage to ARGENTINA's 1985/86 apple and pear crops was less severe than originally forecast. Pear yields are expected to be off sharply, particularly for the Williams variety, but tree damage was negligible. Revised estimates are as follows in 1,000 tons:

	1984/85	Nov. 7, 1985 1/	Dec. 4, 1985 2/
Apples	950	550	600
Pears	160	45	65

1/ Preliminary. 2/ Revised.

-6-  
Selected International Prices

Item	: Dec. 3, 1985	: Change from	: A year
	:	: previous week	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			\$ per MT
Canadian No. 1 CWRS-13.5%.	N.Q.	--	191.00
U.S. No. 2 DNS/NS: 14%....	177.00	4.82	+1.00 175.00
U.S. No. 2 S.R.W. ....	152.00	4.14	+3.00 161.50
U.S. No. 3 H.A.D.....	169.00	4.60	0 197.00
Canadian No. 1 A: Durum...	N.Q.	--	-- 209.00
Feed grains:			
U.S. No. 3 Yellow Corn....	122.50	3.11	+3.50 132.50
Soybeans and meal:			
U.S. No. 2 Yellow.....	206.60	5.62	+4.60 248.50
Brazil 47/48% SoyaPellets	189.00	--	-.50 189.00
U.S. 44% Soybean Meal....	177.00	--	+3.50 176.00
U.S. FARM PRICES 3/			
Wheat.....	112.42	3.06	-1.85 125.28
Barley.....	74.87	1.63	+5.97 79.46
Corn.....	88.58	2.25	-4.33 99.21
Sorghum.....	77.38	3.51 2/	-2.20 91.04
Broilers.....	1139.34	--	+3.09 1044.32
EC IMPORT LEVIES			
Wheat 5/.....	122.50	3.33	+6.45 43.20
Barley.....	115.45	2.51	+7.10 50.20
Corn.....	93.25	2.37	+5.45 47.00
Sorghum.....	106.65	2.71	+6.00 58.50
Broilers 4/ 6/ 8/.....	245.00	--	+7.00 159.00
EC INTERVENTION PRICES 7/			
Common wheat(feed quality)	167.55	4.56	+4.45 139.30
Bread wheat (min. quality)	178.65	4.86	+4.75 148.55
Barley and all			
other feed grains.....	167.55	--	+4.45 139.30
Broilers 4/ 6/.....	1266.00	--	+32.00 1064.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat .....	N.A.	--	-- N.A.
Barley.....	74.10	1.61	+3.65 25.00
Broilers 4/ 6/ 8/.....	159.00	--	+4.00 94.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. N.A.=None authorized. N.Q.=Not quoted. Note: Basis December delivery.



# FAS Circulars: Market Information For Agricultural Exporters

As an agricultural exporter, you need timely, reliable information on changing consumer preferences, needs of foreign buyers, and the supply and demand situation in countries around the world.

The Foreign Agricultural Service can provide that information in its commodity circulars.

World agricultural information and updates on special FAS export services for the food and agricultural trade all are available in these periodic circulars.

For a sample copy of these reports—which can supply you with the information you need to make sound business decisions—check the box indicated, fill out the address form and mail it today.

To subscribe: Indicate which publications you want. Send a check for the total amount payable to the Foreign Agricultural Service. Only checks on U.S. banks, cashier's checks, or international money orders will be accepted. NO REFUNDS CAN BE MADE.

Mail this form to: Foreign Agricultural Service  
Information Division  
Room 4644-S  
U.S. Department of Agriculture  
Washington, D.C. 20250

No. of Subscriptions			Subscription Rate	
			Domestic	Foreign
_____	10022	Cocoa (2 issues)	\$ 3.00	\$4.00
_____	10003	Coffee (3 issues)	5.00	10.00
_____	10004	Cotton (12 issues)	20.00	30.00
<b>Dairy, Livestock &amp; Poultry:</b>				
_____	10005	Export Trade & Prospects (8 issues)	14.00	22.00
_____	10006	Meat & Dairy Monthly Imports (12 issues)	20.00	25.00
_____	10007	Dairy Situation (2 issues)	3.00	4.00
_____	10008	Livestock & Poultry Situation (2 issues)	4.00	7.00
_____	10009	All 24 Reports Listed Above	41.00	58.00
<b>Grains:</b>				
_____	10010	World Grain Situation & Outlook (16 issues)	28.00	41.00
_____	10011	Export Markets for U.S. Grain (12 issues)	20.00	30.00
_____	10013	USSR Grain Situation & Outlook (12 issues)	15.00	20.00
_____	10014	All 40 Reports Listed Above	63.00	91.00
_____	10015	Horticultural Products (12 issues)	20.00	30.00
_____	10016	Oilseeds & Products (13 issues)	27.00	42.00
_____	10017	Seeds (4 issues)	9.00	15.00
_____	10018	Sugar, Molasses & Honey (3 issues)	5.00	8.00
_____	10019	Tea, Spices & Essential Oils (3 issues)	5.00	7.00
_____	10020	Tobacco (12 issues)	25.00	40.00
_____	10021	World Crop Production (12 issues)	18.00	25.00
_____	10023	Wood Products (4 issues)	7.00	10.00

\_\_\_\_\_ **Total Reports Ordered** **Total Subscription Price** \_\_\_\_\_

☐ Please send me a sample copy.

Enclosed is my Check for \$\_\_\_\_\_ Made Payable to Foreign Agricultural Service.

\_\_\_\_\_  
Name (Last, first, middle initial)

\_\_\_\_\_  
Organization or Firm

\_\_\_\_\_  
Street or P.O. Box Number

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

\_\_\_\_\_  
Country

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250

OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE, \$300

FIRST-CLASS MAIL  
POSTAGE & FEES PAID  
USDA-FAS  
WASHINGTON, D.C.  
PERMIT No. G-262

If your address should be changed \_\_\_\_\_ PRINT  
OR TYPE the new address, including ZIP CODE and  
return the whole sheet and/or envelope to:

FOREIGN AGRICULTURAL SERVICE, Room 4644 So.  
U.S. Department of Agriculture  
Washington, D.C. 20250

Wk002 10002/20705UNCRA 1 0001  
USDA NAL CURRENT SERIAL  
RECORD A1  
RM 002  
BELTSVILLE MD 20705